

UPPER EXPLORERLAND REGIONAL
PLANNING COMMISSION

FINANCIAL REPORT

JUNE 30, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Upper Explorerland Regional Planning Commission
Postville, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Upper Explorerland Regional Planning Commission, as of June 30, 2014 and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluation the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Upper Explorerland Regional Planning Commission, as of June 30, 2014, and the respective changes in financial position for the year ended in conformity with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis on pages 3 thru 5 to be presented to supplement the basic financial statements. Although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance.


Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the thirteen years ended June 30, 2013 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 5, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 8, 2015 on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Commission's internal control over financial reporting and compliance.


 RIDIHALGH FUELLING, SNITKER, WEBER & CO., P.C.
 CERTIFIED PUBLIC ACCOUNTANTS

January 8, 2015

**Upper Explorerland Regional Planning Commission (UERPC)
Management Discussion and Analysis as of June 30, 2014**

Upper Explorerland Regional Planning Commission's (UERPC) Executive Director and financial management team offer this narrative overview and analysis of the financial activities for the year ended June 30, 2014. UERPC administration can predict and address significant known or anticipated events, conditions, trends and contingencies that may affect the agency since fiscal year-end and going forward. The financial statements of UERPC consist of the operations of Upper Explorerland Regional Planning Commission and of the Workforce Investment Act (WIA) program administered by UERPC. Not included in this audit are the Upper Explorerland Regional Housing Authority (RHA) and UERPC Housing, Inc., each of which is a separate entity and is therefore separately audited. You can locate all of the UERPC affiliated audits on the website, www.uerpc.org.

UERPC has been in existence for over 40 years. UERPC's mission is to promote regional cooperation and meet the planning and economic development needs of local governments. UERPC is a membership-supported organization of local governmental bodies in the northeast Iowa counties of Allamakee, Clayton, Fayette, Howard and Winneshiek. The sharing of information and the cooperation facilitated by UERPC has lead to economies of scale, greater efficiencies, and more uniformity in the delivery of services. Regional cooperation through UERPC allows the region to collectively undertake and seize upon opportunities with unified effort and pooled resources, thereby greatly improving opportunities and outcomes.

Diversity was the focal point during FY 2014. UERPC management team sought out several new projects that were new to the Council of Government (COG) world and to UERPC. Some of those new projects include: City clerk work; economic development work for two counties within the region; county foundation administration work; and housing assessments for various communities. The diversity of these new projects will allow UERPC to increase financial security.

UERPC and several organizations in the region realized the need for expanded broadband options in this rural setting. Bringing together six local partners, the Decorah MetroNet established a 28e alliance that formed a vision for a fiber optic infrastructure backbone ring through the community that would create basis for expanded connectivity.

The anchor members include; the City of Decorah, Decorah Community Schools, Luther College, Winneshiek County, Winneshiek Medical Center and Upper Explorerland Regional Planning Commission. Each anchor member contributed \$75,000 over three years to the program and the remaining project funds came from a \$520,000 Broadband Technology Opportunities Program (BTOP) grant from the National Telecommunications & Information Administration (NTIA).

The fiber build out allows for each anchor member to realize benefits of the network for disaster recovery, off-site storage and backup of data and centralized inter-connectivity of infrastructure for sharing of services and equipment. Furthermore, the project addresses

needs in the region for expanded Internet options, disaster recovery opportunities and network sharing between six key service leaders in the community.

UERPC continues to focus on its customer service approach with its customers and with the UERPC commission. UERPC's staff continues their goal to visit all communities and counties with the region. Management wants UERPC to be seen as a resource for their housing, transportation, workforce, economic development and community needs. To accomplish that goal, the agency continues with their all-inclusive marketing campaign. Some of those marketing efforts include: Facebook, Twitter, e-newsletter, success stories, and more. UERPC utilized its second location as a marketing tool to capture community involvement and needs with dual locations. UERPC commission members continue with board training to uniformly promote UERPC to the masses.

UERPC has become recognized as an ideal vehicle for addressing issues that require a regional perspective, obtaining over \$231 million in grant funds since its establishment in November of 1972. More specifically, this fiscal year UERPC obtained over \$10.6 million from grant funds for our various counties and communities.

Ever-changing restructuring is needed within the UERPC management and staffing. The Board of Commissioner's approval of a shared premium plan for employee health insurance benefits, and maintaining the merit system to effectively provide increased efficiency among UERPC's most productive staff members while simultaneously containing overall payroll costs, all assists the profitability and management of the organization.

Financial Highlights:

Balance Sheet Summary (as found in Exhibit A of this report):

- The total assets of UERPC exceeded the liabilities at June 30, 2014 by \$2,020,720, increasing net assets by \$37,261 from June 2013.

	June 30, 2014	June 30, 2013	Net Change
Total Assets	\$3,976,071	\$3,743,510	\$232,561 increase
Total Liabilities	\$1,955,351	\$1,760,051	\$195,300 increase
Total Net Assets	\$2,020,720	\$1,983,459	\$37,260 increase

- For the period ending June 30, 2014, total revenues from operating grants, charges for services, and general revenues were \$3,896,671. Total expenses were \$3,859,410, providing an increase in net assets of \$37,260.
- Total revenue increased by 17.49% and total expenses increased by 10.53% from the 2013 fiscal year.

	Year Ended June 30, 2014	Year Ended June 30, 2013	Net Change
Revenue from Operating Grants	\$3,211,790	\$2,465,336	\$ 746,454 increase
Revenue from Charges for Services	\$ 587,802	\$849,760	\$ 261,958 decrease
General Revenue	\$ 97,079	\$1,471	\$ 95,608 increase
Total Revenue	\$3,896,671	\$3,316,568	\$ 580,103 increase
Total Expenses	\$3,859,410	\$3,489,531	\$ 369,879 increase
Change in Net Assets	\$37,261	\$(156,589)	\$ 37,260 increase

Management predicts a typical year of challenges within the fiscal year 2015. UERPC management realizes that grant funding is likely to continue to decline going forward; UERPC's future success depends on its ability to continue to increase its' diversity within the industry by providing services for which a fee can be charged. Many of the types of programs/projects have begun in 2013. Many of the programs that have traditionally had greater stability of funding are now receiving or are threatened to continue to receive lower funding levels. The low-income rental assistance program, community development block grants, and workforce development programs are all experiencing decreases in funding. Management continues to monitor these programs and their funding levels.

UERPC continues its' partnerships within the Decorah location with IowaWorks, Hawkeye Community College, Goodwill, and ISU Extension. The purchase of an office building in Decorah has had a positive impact on cash flow for the organization. The rental income from our partners has significantly offset occupancy costs associated with the new building and will provide an annual source of unrestricted revenue funds for UERPC.

UERPC continues to defend the lawsuit filed in October 2010 by the City of Postville and a Postville City Council member, stemming from the Commission's vote to purchase the building in Decorah. All charges against UERPC were dismissed in a ruling filed May 22, 2012; however, the plaintiffs appealed the case to the Iowa Supreme Court. A district court date was held on April of 2014. UERPC was dismissed of the charges in early June. The city of Postville and the Postville City Council member have appealed to the Iowa Supreme Court once again. Final briefs are due to the Supreme Court by the end of January. A decision is scheduled be made in the Spring of 2015.

Please review the audit report and schedules in its entirety for a full report on UERPC. This management analysis and discussion attempts to provide only a summary view of the 2014 fiscal year, please read the audit in full for further information on UERPC and the region of Northeast Iowa.

Rachelle Howe
Executive Director
Upper Explorerland Regional Planning Commission

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
STATEMENT OF NET ASSETS
As of June 30, 2014

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 979,861
Accounts receivable, federal sources	684,017
Accounts receivable, other	228,727
Interest receivable	1,863
Investments	84,078
Loans receivable	1,145,137
Fixed assets(net)	853,845
TOTAL ASSETS	\$ 3,977,528
LIABILITIES	
Accounts payable	\$ 657,488
Accrued payroll & taxes	1,321
Accrued leave additive	61,357
Deferred income	30,424
Self Funding Insurance	2,078
Noncurrent liabilities:	
Due within one year:	
Loan payable	66,000
Due in more than one year:	
Loan payable	1,136,683
TOTAL LIABILITIES	1,955,351
NET ASSETS	
Investment in fixed assets/Car Replacement- Net of Related Debt	303,063
Restricted Fund Balance:	
HAWC	52,668
RLF	452,659
IRP	500,742
Unrestricted:	
Board Committed-CGOI	110,000
Unassigned	603,045
TOTAL NET ASSETS	2,022,177
TOTAL LIABILITIES & NET ASSETS	\$ 3,977,528

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2014

Functions / Programs:	Expenses	Program Receipts		Net (Expense)
		Charges for	Operating Grants Contributions Restr. Int.	Revenue and Changes in Net Assets
Governmental Activities:				Governmental Activities
Salaries	\$ 753,372	303,372	417,745	(32,255)
Employee benefits	301,805	119,408	169,707	(12,690)
Travel and per diem	24,505	12,116	11,094	(1,295)
Contracted service	48,720	32,315	12,934	(3,471)
Shared support	-	-	-	-
Conferences and training	2,507	1,158	1,225	(124)
Client training	76,427	-	76,512	85
Legal/professional fees	52,715	6,349	45,732	(634)
Other support	21,536	3,421	17,766	(349)
Equipment purchase/lease	4,762	2,471	2,026	(265)
TBRA deposit assistance	86,101	-	86,197	96
Occupancy expense	46,132	41,639	2	(4,491)
Office/office supplies	3,267	2,159	878	(230)
Allocated costs	171,394	47,188	119,249	(4,957)
Pass thru of funds	16,443	14,842	-	(1,601)
Interest	6,881	-	6,889	8
Depreciation	2,217	1,364	707	(146)
Grants/programs	2,200,655	-	2,203,111	2,456
In kind match	39,971	-	40,016	45
Total Governmental Activities	\$ 3,859,410	587,802	3,211,790	(59,818)
General Revenues (Uses):				
Unrestricted interest				925
Increase in Principal Investment				1,456
Rents				96,155
Total general revenues				98,536
Change in net assets				38,718
Net assets beginning of year				1,983,459
Net Assets End of Year				\$ 2,022,177

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION

GOVERNMENTAL FUNDS

BALANCE SHEET

June 30, 2014

	General	Special Revenue		
	Fund	CSP	RLF	IRP
ASSETS				
Cash and cash equivalents	\$ 437,568	1	109,335	372,503
Accounts receivable, federal	619,314	31,543	-	-
Accounts receivable, other	228,077	650	-	-
Interest receivable	-	-	396	1,467
Investments	84,078	-	-	-
Loans receivable	-	-	348,523	794,914
TOTAL ASSETS	\$ 1,369,037	32,194	458,254	1,168,884
LIABILITIES				
Accounts payable	\$ 584,475	32,194	5,595	16,241
Accrued payroll & taxes	1,321	-	-	-
Accrued leave additive	38,748	-	-	-
Deferred income	29,370	-	-	-
Reserve self funding	2,078	-	-	-
TOTAL LIABILITIES	655,992	32,194	5,595	16,241
FUND EQUITY				
Fund balance:				
Invest in F/A-Net Debt				
Restricted:				
CSP	-	-	-	-
RLF	-	-	452,659	-
IRP	-	-	-	787,693
HAWC	-	-	-	-
WIA	-	-	-	-
Debt reserve	-	-	-	14,950
Local match	-	-	-	350,000
Reserved by the board:				
CGOI	110,000	-	-	-
Unassigned	603,045	-	-	-
TOTAL FUND EQUITY	713,045	-	452,659	1,152,643
TOTAL LIABILITIES & FUND EQUITY	\$ 1,369,037	32,194	458,254	1,168,884

TOTAL FUND EQUITY PER EXHIBIT C

Total net assets reported for governmental activities in the statement of net assets are different from the amount reported above as total governmental fund's fund balance because: Capital assets used in government activities are not financial resources and hence not reported in the fund statements. Amounts reported for governmental activities in the statement of net assets: Governmental capital assets net of depreciation

Long term liabilities are not due in the current period and therefore not reported in the fund statements. Long term liabilities reported in the statement of net assets that are not reported in the fund balance sheet are:

Loans payable

NET ASSETS OF GOVERNMENTAL ACTIVITIES-EXHIBIT A

See notes to financial statements

HAWC	WIA	Totals
51,979	8,475	979,861
-	33,160	684,017
-	-	228,727
-	-	1,863
-	-	84,078
1,700	-	1,145,137
53,679	41,635	3,123,683

1,011	17,972	657,488
-	-	1,321
-	22,609	61,357
-	1,054	30,424
-	-	2,078
1,011	41,635	752,668

-	-	-
-	-	452,659
-	-	787,693
52,668	-	52,668
-	-	-
-	-	14,950
-	-	350,000
-	-	110,000
-	-	603,045
52,668	-	2,371,015
53,679	41,635	3,123,683

\$ 2,371,015

853,845

(1,202,683)
\$ 2,022,177

See notes to financial statements

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE-GOVERNMENTAL FUNDS
 Year Ended June 30, 2014

REVENUES	General Fund	WIA	CSP
Intergovernmental:			
Federal	\$ -	28,434	693,002
State	-	-	-
Local	-	15,612	-
Miscellaneous:			
Interest	924	-	-
Rents	96,155	-	-
Other	589,259	-	-
Total revenues	<u>686,338</u>	<u>44,046</u>	<u>693,002</u>
EXPENDITURES			
Salaries	336,093	207,460	-
Employee benefits	132,287	87,610	-
Travel and per diem	13,423	6,222	-
Contracted services	35,800	-	-
Shared support	-	-	-
Conferences and training	1,283	1,224	-
Client training	-	76,427	-
Other support	3,790	14,278	-
Equipment purchase/lease	2,738	-	-
TBRA deposit assistance	-	-	-
Office/ office supplies	2,391	170	-
Occupancy Expense	46,130	2	-
Legal/profession fees	7,034	13,750	-
In kind match	-	-	-
Allocated costs	52,278	60,166	-
Interest	-	-	-
Grants/programs	-	-	269,739
Pass Thru of funds	16,443	-	-
Fixed asset purchases	25,122	-	-
Long term debt principal	20,201	-	-
Total expenditures	<u>695,013</u>	<u>467,309</u>	<u>269,739</u>
NET REVENUES (EXPENDITURES)	(8,675)	(423,263)	423,263
OTHER FUNDING SOURCES (USES)			
TRANSFERS:			
Special Revenue:			
WIA	-	423,263	-
Fiscal Agent for CSP	-	-	(423,263)
NET CHANGE IN FUND BALANCES	(8,675)	-	-
CHANGE IN FIXED ASSET	(25,122)	-	-
CHANGE IN LONG TERM DEBT	20,201	-	-
FUND BALANCE, beginning	<u>647,243</u>	<u>-</u>	<u>-</u>
EXHIBIT C ENDING BALANCES	<u>\$ 633,647</u>	<u>-</u>	<u>-</u>

See notes to financial statements

SPECIAL REVENUE				
IRP	RLF	Jumpstart	Other Nonmajor Gov Fds	Total
-	-	1,585,780	690,212	2,997,428
-	-	-	4,946	4,946
-	-	-	63,454	79,066
-	-	-	-	-
35,206	11,231	-	382	47,743
-	-	-	-	96,155
2,130	974	-	80,427	672,790
37,336	12,205	1,585,780	839,421	3,898,128
15,708	8,567	6,528	179,016	753,372
4,691	3,282	2,644	71,291	301,805
-	-	134	4,726	24,505
-	-	-	12,920	48,720
-	-	-	-	-
-	-	-	-	2,507
-	-	-	-	76,427
-	-	18	3,450	21,536
-	-	-	2,024	4,762
-	-	-	86,101	86,101
-	-	-	706	3,267
-	-	-	-	46,132
-	-	22	31,909	52,715
-	-	-	39,971	39,971
4,987	2,746	1,926	49,291	171,394
6,881	-	-	-	6,881
-	-	1,574,508	356,408	2,200,655
-	-	-	-	16,443
-	-	-	-	25,122
52,423	-	-	-	72,624
84,690	14,595	1,585,780	837,813	3,954,939
(47,354)	(2,390)	-	1,608	(56,811)
-	-	-	-	423,263
-	-	-	-	(423,263)
(47,354)	(2,390)	-	1,608	(56,811)
-	-	-	-	(25,122)
52,423	-	-	-	72,624
1,199,997	455,050	-	78,034	2,380,324
1,205,066	452,660	-	79,642	2,371,015

See notes to financial statements

EXHIBIT E

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES**
 For The Year Ended June 30, 2014

Net change in fund balances-total governmental funds	
governmental funds-Exhibit D	\$ (56,811)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets are depreciated over their estimated useful lives.

(2,217)

Expenditures for capital assets

25,122

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the statement of net assets. This is the amount by which proceeds exceeded repayments.

Principal payments

72,624

Rounding

-

Change in net assets-Statement of Activities-Exhibit B

\$ 38,718

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

1) NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

Upper Explorerland Regional Planning Commission was created under Chapter 473A and 28E, State Code of Iowa as a regional planning organization to serve the counties of Allamakee, Clayton, Fayette, Howard, and Winneshiek, Iowa. The commission is governed by a Board of Commissioners appointed from the five counties.

The commission provides comprehensive studies and plans for the development of the five county area. Its programs are financed from federal and state grants and contracts, county appropriations, and interest earned on investments.

In addition, the commission administers various Community Development Block Grant programs and is responsible for administering the various programs established under the Workforce Investment Act and also provides special services in the form of printing, reproduction, and mapping.

The Commission through its Revolving Loan Fund programs and Intermediary Relending Program makes low interest loans available to business in the five county area.

The Commission acted as Fiscal Agent for Iowa Workforce Development Department from July 1, 1998 until April 1, 2012. Up to that time it performed accounting functions, and received and disbursed funds on behalf of the Coordinating Service Provider. It administered the Promise Jobs Program to assist welfare recipients in becoming self-sufficient. It provided employment and training opportunities for low-income individuals and other special groups. This was provided by offering assistance through classroom, pre-employment and on the-job-training.

Since March 31, 2012 the Commission has continued to act as a pass-thru agency for East Central Intergovernmental Agency.

B. Measurement Focus and Basis of Accounting

The entity-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

are recorded when a liability is incurred regardless of the timing of related cash flows.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Commission considers all revenues reported in the governmental funds to be available in the current period or soon enough thereafter, sixty days, to be considered revenues of the current period. Expenditures are recorded when the related fund liability is incurred and is measurable except for principal and interest on general long term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long term debt and acquisitions under capital leases are reported as other financing sources.

C. Basis of Presentation

Commission-wide Statements—The Statement of Activities and Net Assets are reported in two categories:

Restricted Net Assets result when constraints placed on net asset use are either externally imposed or imposed by law, grant or contract.

Unrestricted Net Assets consist of net assets that do not meet the definition of the preceding category. Unrestricted Net Assets may have constraints on resources imposed by management or the board of directors, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

particular function. Other items not properly included among program receipts are reported instead as general receipts.

The Commission has no business-type activities or fiduciary funds.

Fund Financial Statements—Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major governmental funds.

The Commission reports the following major governmental funds:

The General Fund is the general operating fund of the Commission. All receipts not allocated by law, grant or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

The Special Revenue WIA Fund accounts for activities associated with providing job training and retraining programs.

The Special Revenue CSP Fund accounts for the receipts and disbursements of the Commission in its capacity as Fiscal Agent for Iowa Workforce Development Department Sources include grants from the federal government.

The Special Revenue IRP Fund accounts for the receipts and disbursements of the Intermediary Relending Program. The program makes low interest loans to businesses in the five county area.

The Special Revenue RLF Fund accounts for the receipts and disbursements of the Revolving Loan Fund. The program makes low interest loans in the five county area.

The Special Revenue Jumpstart Fund accounts for the receipts and disbursements under the Jumpstart Program which funds are used for community revitalization with the intent to create housing for low income families and individuals.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

- D. Fund Equity-In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable-Amounts which cannot be spent either because they are in a non-spendable form, or because they are legally or contractually required to be maintained intact.

Restricted-Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed-Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned-All amounts not included in other spendable classifications.

- E. Cash Equivalents

The Commission considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. There were no cash equivalents at June 30, 2014.

- F. Budgets and Budgetary Accounting

Upper Explorerland Regional Planning Commission does prepare financing and spending budgets for programs on a project basis. The Commission is not required to adopt a legal budget under state law.

- G. Allocation of Fringe Benefits and Indirect Costs

WIA division of UERPC charges all payroll directly to grants based on actual expenditures in accordance with the Office of Management and Budget Circular A-87. Fringe benefits are distributed to the various grant/program areas based on total payroll percentages calculated any given month for the various grant program areas.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

The Commission division of UERPC allocates indirect costs to all grants in accordance with the Office of Management and Budget Circular A-87.

Fringe benefits are distributed to the various grant-program areas based on a total payroll percentage. Total payroll percentage is determined by first obtaining a percentage of the administrative staff charged directly to grant/program areas, and adding "pool salaries" which are allocated based on the direct salary percentage.

Indirect costs are allocated based on the direct payroll percentages.

H. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2) CASH AND CASH EQUIVALENTS

Cash and equivalents consists of deposits at financial institutions and certificates of deposits with a maturity of three years or less. Cash and cash equivalents by fund are as follows:

Commission	\$437,568
H.A.W.C	51,979
R.L.F	109,335
I.R.P	372,503
W.I.A	8,475
C.S.P.	<u>1</u>
\$	<u>979,861</u>

The Commission's deposits beyond FDIC insurance are insured by Iowa under a Sinking Fund to insure public deposits under the authority of Chapter 12C, Code of Iowa and 781-13, Iowa Administrative code. This Fund insures public deposits in each individual bank up to the amount of that bank's total.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

3.) ACCOUNTS RECEIVABLE

Accounts receivable are shown at their gross amounts. No allowance for bad debts is shown due to the fact that it is believed that all receivables are collectable. Accounts receivable by fund is as follows:

Accounts receivable - federal:	
Commission	\$ 619,314
C.S.P.	31,543
W.I.A.	<u>33,160</u>
	\$ <u>684,017</u>

Accounts receivable - other	
Commission	\$ 228,076
C.S.P	<u>650</u>
	\$ <u>228,726</u>

4.) INVESTMENTS

The Commission has the following investments:

One hundred-fifty one units of Principal Financial Group, Inc. with a basis of \$3,561 and the fair market value at June 30, 2014 is \$7,622.

The Commission has \$75,000 invested in Decorah Metronet (DMN). This is a Communications Service Agreement to assist and provide a cost-efficient approach to common telecommunications needs.

5.) FIXED ASSETS

Fixed assets are recorded at cost and includes depreciable and non-depreciable assets. Non-depreciable assets include equipment purchased with grant dollars. Depreciable assets are depreciated over their estimated useful lives using the straight-line method of depreciation. Depreciation on vehicles are recorded as Car Replacement.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

A summary of changes in general fixed assets follows:

	Balance June 30, <u>2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2014</u>
Fixed Assets	\$ 985,768	25,122	12,698	998,192
Accumulated Depreciation	<u>131,426</u>	<u>30,721</u>	<u>17,800</u>	<u>144,347</u>
Net	\$ <u>854,342</u>	<u>(5,599)</u>	<u>5,111</u>	<u>853,845</u>

The Commission had no capitalized interest costs for the year ended June 30, 2014.

6.) LEAVE ADDITIVE EMPLOYEE BENEFIT

The Commission's leave additive consists of vacation leave and compensatory overtime earned. Leave additive is calculated monthly and charged to the various programs. A liability account is used to offset these charges. When leave time is actually taken, it is then charged against the leave additive liability account. Any regular employee separating from service shall be paid as a separation pay. The total leave additive charged to the programs for the year ended June 30, 2014, was \$61,125.

Accrued Leave Additive at June 30, 2014 was \$61,357

7.) PENSION AND RETIREMENT BENEFITS

The Commission contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 5.95% of their annual salary and the Commission is required to contribute 8.93% of annual covered payroll. Contribution requirements are established by State statute. The Commission's contribution to IPERS for the year ended June 30, 2014 was \$69,656.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

8.) Medical Insurance/Health Alternative

Plan Description-The Commission operates a benefit plan which provides medical/prescription drug benefits for active and retired employees. There are 20 active and no retired members currently in the plan. The medical/prescription drug benefits are provided through a plan with Wellmark. The Commission switched to United Health Care in August 2013. The Commission self-insures and budgets 15% of the anticipated claims. Retirees would pay the same premium as active employees. Regular full-time employees are eligible for single coverage health insurance. Employees who deny coverage under the Commission's health insurance policy will be allowed to apply their amounts to a 457(b) tax sheltered annuity under plan established by Commission.

In addition the Commission offers dental coverage for single employees and retired employees, and vision coverage for current and retired employees and their families.

Regular part-time employees (working a minimum of 1,560 hours per year) will be eligible for the medical insurance benefit according to hours worked. Regular part-time employees (working a minimum of 1,040 hours per year) will be provided a health alternative benefit according to hours worked. An employee who is laid off or resigns may continue coverage under the Commission's current medical insurance policy as provided by federal and state COBRA law in effect at the time of the lay off or resignation.

Funding Policy- The contribution requirements of plan members are established and may be amended by the Commission. The most recent active member monthly premium for the Commission and plan members was \$526 medical, \$37 dental and \$7 for vision. As of January 1, 2014 the Commission required those on the plan to pay 10% of the cost.

Family coverage is available and the cost to the employee is \$1,078 for medical, \$123 for dental and \$26 for vision.

As of January 1, 2014 the Commission required all employees on their plan to contribute 10% of the cost.

Currently there are no retirees on the plan and the Commission would finance any retiree benefit plan at the same cost on a

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

pay-as-you-go basis. For the year ended June 30, 2014 the Commission contributed \$67,649 to the plan.

9.) SELF FUNDING MEDICAL EXPENSE

In a cost saving measure in regard to their insurance expenses the Commission started a Self-Funding account. The Commission has a third-party administrator to handle claims. During the year ended June 30, 2014 the Commission allocated \$12,000 to the fund and paid out \$9,922. Balance at June 30, 2014 was \$2,078.

10) ADVERTISING

Advertising costs are accrued as incurred. Advertising costs for the year were \$571 in the General Fund.

11) COST ALLOCATION PLAN

Upper Explorerland Regional Planning Commission has adopted a cost allocation plan to allocate indirect costs to the various programs. Any cost, which cannot be assigned directly to a program, is allocated based upon this cost allocation plan. Indirect costs allocated to the various programs for the year ended June 30, 2014, totaled \$171,394.

12) SUPPORT FROM GOVERNMENTAL UNITS

The Commission receives substantially all of its support from Federal, state, and local governments. A significant reduction in the level of this support, if this were to occur, would have a significant effect on the Commission's programs and activities.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

13) RESTRICTED FUND BALANCE

The Commission's Restricted Fund Balance is made up of the following:

Fund Balance-HAWC		\$ 52,668
Fund Balance-RLF		452,659
Fund Balance-IRP:		
Fund Balance-Local Match	350,000	
Fund Balance-Loan Pool	106,627	
Fund Balance-Reserve for Bad Debt	<u>44,115</u>	
Total Fund Balance-IRP		<u>500,742</u>
TOTAL RESTRICTED FUND BALANCE-EXHIBIT A		<u>\$1,006,069</u>

See Note 18 for the amounts required for the Reserve for Bad Debts. These funds may be used only for the purpose of transferring to the General Operating Account amounts, not more than actual loan losses and to pay principal and interest on the IRP Promissory Note when there are insufficient funds in the General Operating Account.

Investment income derived from any account shall remain a part of such account.

14) CONTINGENT LIABILITY - SICK LEAVE

Commission employees accumulate sick leave hours for subsequent use. These accumulations are not recognized as expenditure by the Commission until used.

Sick leave is only payable when used and is not available to employees upon termination, retirement or death. After the maximum allowable sick leave of 720 hours (90 days) is accumulated, additional sick leave earned is then converted to annual leave at a 3 to 1 ratio. Three hours of sick leave earned is then equal to one hour of annual leave.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENT

15) LOANS RECEIVABLE

Loans receivable consist of the following:

Loans under the HAWC Program	\$ 1,700
Loans under the Intermediary Relending Program (See note 17)	794,914
Loans under the Revolving Loan Program (See note 18)	348,523
	<u>\$ 1,145,137</u>

16) UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY

The Commission contracts for the administration of Upper Explorerland Regional Housing Authority (hereinafter call "Authority"). This is a governmental organization that is an agent for landlords who rent housing facilities to low income individuals with assistance from the Federal government. The Authority operates in Allamakee, Clayton, Fayette, Howard and Winneshiek counties of northeast Iowa. Rachelle Howe, executive director of the Commission, is also the director of the Authority. The Commission bills the Authority for direct salaries, fringe benefits and overhead. During the fiscal year ended June 30, 2014, this amounted to \$140,538.

The Authority is audited separately and a report has been issued under separate cover.

17) INTERMEDIARY RELENDING PROGRAM (IRP)

On March 12, 1993, UERPC entered into a loan agreement with the U.S.D.A. The purpose of the loan is to provide "low interest financing to new and expanding business for which credit is not otherwise available or terms and conditions are not available which would permit completion and/or the successful operation of the proposed business activities." In order to secure this loan, UERPC received \$250,000 in capital contributions from the five counties it represents. The loan is for \$1,000,000 and will be for 30 years at one percent interest per annum. Principal payments were deferred for the first three years of the loan and the first amortized annual payment was made March 29, 1997. The balance of this loan at June 30, 2014, was \$359,449.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

On March 20, 2003 Commission entered into an agreement with Rural Development, United States Department of Agriculture for an additional \$400,000 loan. In order to secure this loan the Commission had to contribute \$100,000. The loan is for \$400,000 and will be paid over 30 years at one percent interest per annum. Principal payments were deferred for the first three years. Interest only was paid on March 20 of the years 2004, 2005 and 2006. First payment of principal and interest was to be March 20, 2007, and thereafter on every March 20 for twenty seven years. The payment amount is \$16,980. The balance at June 30, 2014 was \$292,451.

As part of an "Amended IRP Revolving Fund Agreement", dated March 20, 2003 the parties have agreed to combine the two loans for purposes of establishing a Reserve for Bad Debt only. This Reserve for Bad Debt is based on the loans receivable and that loans receivable will approximate the original loan, or loans, plus intermediary contributions. Therefore when fully funded, the Reserve for Bad Debt should be approximately six percent of \$1,750,000 or \$105,000. Per the agreement the Commission should began to accumulate funds in the Reserve in accordance with their delinquency or loss records, so that the six percent requirement can be reached within three years. This Reserve is to be maintained at this level thereafter. The June 30, 2014 balance was \$44,115 which was short of the required six percent of outstanding loans. Rural Development has okayed an adjustment every six months rather than monthly. The Reserve was adjusted within the six months prior to the year end.

18) REVOLVING LOAN FUND (RLF)

In May, 1990, UERPC was awarded \$375,000 in Federal funds, by the Economic Development Administration (EDA) and then supplied a local match of \$125,000 to develop a \$500,000 Regional Revolving Loan Fund Program to promote business development. The Commissions' obligation to the Federal government continues as long as RLF assets, in the form of cash, receivables, personal and real property, and notes or other financial instruments developed through the use of the funds, continue to exist. The agreement states in part that

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

"If EDA determines that a grant recipient is failing to meet his obligation, the Agency will assert its equitable reversionary interest in the RLF assets."

19) HAWC PARTNERSHIPS FOR CHILDREN (HAWC)

HAWC was established to provide to provide loans to child care providers to increase licensed child care sites and expand child care capacity in northeast Iowa. Any project is eligible as long as it will open a registered child care site or expand services for a registered child care provider in the counties of Howard, Allamakee, Clayton, Winneshiek, and Fayette. The maximum loan for an eligible project is \$5,000 with interest rates between 3-5%. The loans are to be repaid from one to five years and can be recalled at anytime if the borrower is not compliant with the lending criteria. The loans are secured by one or more of the following: a secondary mortgage on real estate; a lien on fixtures, furnishing, machinery, and equipment; a personal guarantee; and a promissory note.

20) IN KIND MATCH

During the year the Commission had a Planning grant from the U.S. Department of Commerce for \$54,900. The grant called for a hard match of \$15,000 in cash and an in-kind match of \$39,900. During year ended June 30, 2014 the Commission received \$54,900 from the U.S. Department of Commerce, had hard match of \$15,000 and in kind match of \$39,971.

21) INDEBTEDNESS

There was a note with Waukon State Bank of Waukon, Iowa dated April 27, 2013 for \$600,000 which was refinanced during the year ended June 30, 2014. The purpose of the note was to purchase a building in Decorah Iowa. Interest rate was 5.15%. Due date of note was April 15, 2026. There was to be one hundred seventy nine monthly payments of \$3,580.92 and a balloon payment of \$334,696.32 on April 15, 2026. This debt was refinanced with Farmers & Merchants Bank of Waukon, Iowa. The debt is now ten year fixed at 4.5%. The note is amortized over twenty years. Payments are scheduled at

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

\$3,142 per month. Balance of note at June 30, 2014 was \$570,782.

There is a loan agreement with Rural Development, United States Department of Agriculture, with an original balance of \$1,000,000. Interest rate 1%. Payments are \$42,446 for thirty years. Balance at June 30, 2014 was \$359,449.

There is a loan agreement with Rural Development, United States Department of Agriculture with an original balance of \$400,000. Interest rate of 1%. Payments are \$16,980 for Thirty years. Balance at June 30, 2014 was \$292,451.

Maturity Schedule:

June 30, 2015	\$ 66,000
June 30, 2016	66,900
June 30, 2017	67,500
June 30, 2018	68,200
June 30, 2019	70,300
Subsequent Years	<u>863,783</u>

\$ 1,202,683

22) OPERATING LEASES

The Commission has a two year lease for office space in Waukon, Iowa. The lease expired June 30, 2014. Lease was renewed for two years until June 30, 2016. The lease is \$75 per month, but the Commission subleases space to Northeast Iowa Community Action Corporation for \$30 per month. Sublease is for twenty four months ending June 30, 2016.

Future minimum lease payments are \$900 for the each year ending June 30, 2015 and 2016 for the Waukon office.

23) RELATED PARTY TRANSACTIONS

No related party transactions were noted.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

24) LITIGATION

A lawsuit has been brought against the Commission and several of its current and former board members. The lawsuit alleges that the Commission and its members violated Iowa's open meeting laws concerning three meetings in September, October and November 2009. The Commission has prevailed in a motion for summary judgment, and the case is on appeal to the Iowa Supreme Court. It is possible the Supreme Court could reverse a lower court's judgment in favor of the Commission and its members. If this were to happen a trial would be held. Potential damages are limited to a fine against the members of between \$100 to \$500 for any violation of the open meetings act plus reasonable attorney fees.

25) SUBSEQUENT EVENTS

The Commission has evaluated subsequent events thru January 8, 2015, the date which the financial statements were available to be issued and present the following subsequent event.

The Commission secured a line of credit with Farmers & Merchants Savings Bank of Waukon, Iowa for \$100,000 dated July 28, 2014. Interest is variable based on 1.25% above Wall Street Journal U.S. Prime Rate. Original rate to be 4.5%. Line of credit matures on July 28, 2019.

OTHER INFORMATION

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2014

REVENUES	Total Nonmajor Gov Fds	HAWC	Department of Trans- poration 20.205/20.209	EDA Planning Grant 11.302
Intergovernmental				
Federal	\$ 690,212	-	94,996	54,900
State	4,946	-	-	-
Local	63,454	-	-	-
Miscellaneous				
Interest	382	382	-	-
Other	80,427	10	23,749	55,028
Total revenues	839,421	392	118,745	109,928
EXPENDITURES				
Salaries	179,016	-	66,574	40,212
Employee benefits	71,291	-	26,372	16,167
Travel and per diem	4,726	-	299	2,335
Contracted services	12,920	-	1,267	565
Other support	3,450	-	158	338
Equipment purchase/ lease	2,024	-	-	-
TBRA Deposit Assistance	86,101	-	-	-
Office/Office Supplies	706	-	575	99
Professional Fees	31,909	-	113	68
In Kind	39,971	-	-	39,971
Allocated costs	49,291	392	22,866	9,988
Grants/Programs	356,408	-	-	-
Total expenditures	837,813	392	118,224	109,743
NET REVENUES (EXPENDITURES)	1,608	-	521	185
TRANSFER FROM CSP	-	-	-	-
TRANSFER TO WIA	-	-	-	-
TRANSFER TO GENERAL FUND	-	-	-	-
FUND BALANCE, beginning	77,906	52,667	-	-
FUND BALANCE, ending	\$ 79,514	52,667	521	185

See accompanying independent auditor's report

SCHEDULE 1

Special Revenue

HOME Grants	Aim2Win	Tenant Based Rental Assis.	Iowa Business Network		
			Admin & Other	IDEA 12-RMG-04	IDEA 13-RMG-08
14.239	11.01	14.239			
406,622	36,332	97,362	-	-	-
	-	-	-	4,946	-
	-	-	53,978	-	9,476
-	-	-	-	-	-
-	1,360	280	-	-	-
406,622	37,692	97,642	53,978	4,946	9,476
44,014	2,348	7,063	18,805	-	-
17,460	988	2,788	7,516	-	-
1,588	36	108	360	-	-
11,088	-	-	-	-	-
2,945	-	9	-	-	-
-	2,024	-	-	-	-
-	-	86,101	-	-	-
-	-	32	-	-	-
1,770	29,958	-	-	-	-
-	-	-	-	-	-
8,196	978	1,541	5,330	-	-
320,030	-	-	10,294	9,915	16,169
407,091	36,332	97,642	42,305	9,915	16,169
(469)	1,360	-	11,673	(4,969)	(6,693)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
469	(1,360)	-	26,130	-	-
-	-	-	37,803	(4,969)	(6,693)

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
 SCHEDULE OF REVENUES, EXPENDITURES
 and CHANGES IN FUND BALANCE
 WORKFORCE INVESTMENT ACT
 Year Ended June 30, 2014

	Total Contracts	General	Contract			Career Pathways	Bridges to Health- NICC
			#13-W-01-FR-0	#14-W-PF-RR-0-01	#14-W-PF-RR-0-03		
							17,245
REVENUES							
Intergovernmental							
Federal	\$ 28,434	-	-	-	-	-	28,434
State	-	-	-	-	-	-	-
Other	15,612	8,764	-	-	-	6,848	-
Total revenues	44,046	8,764	-	-	-	6,848	28,434
EXPENDITURES							
Client Training	6,848	-	-	-	-	6,848	-
Programs-W.I.A.	423,263	-	391,201	30,000	2,062		
Administration	37,198	8,764	-	-	-		28,434
Total expenditures	467,309	8,764	391,201	30,000	2,062	6,848	28,434
NET EXCESS REVENUES (EXPENDITURES)	(423,263)	-	(391,201)	(30,000)	(2,062)	-	-
TRANSFERS IN (OUT):							
Special Revenue:							
CSP	423,263	-	391,201	30,000	2,062	-	-
	423,263		391,201	30,000	2,062	-	-
NET EXCESS REVENUES AND TRANSFERS OUT	-	-	-	-	-	-	-
FUND BALANCE, beginning	-	-	-	-	-	-	-
FUND BALANCE, ending	\$ -	-	-	-	-	-	-

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 WORKFORCE INVESTMENT ACT CONTRACT # 13-W-01-FR-0
 Year Ended June 30, 2014

	Total W.I.A. #7-W-01 FR-0	Admin- istrative	Adult	Dislocated Worker	Ticket to Work	Youth In School	Youth Out of School
REVENUES:							
Intergovernmental:							
Federal	\$ -	-	-	-	-	-	-
State	-	-	-	-	-	-	-
Total revenues	-	-	-	-	-	-	-
EXPENDITURES:							
Programs-W.I.A.	391,201	40,937	117,380	74,813	5,070	84,840	68,161
Total expenditures	391,201	40,937	117,380	74,813	5,070	84,840	68,161
TRANSFERS IN (OUT):							
Special Revenue:							
CSP	391,201	40,937	117,380	74,813	5,070	84,840	68,161
NET	-	-	-	-	-	-	-
FUND BALANCE, beginning	-	-	-	-	-	-	-
FUND BALANCE, ending	\$ -	-	-	-	-	-	-

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 FISCAL AGENT for COORDINATING SERVICE PROVIDER
 WORKFORCE INVESTMENT ACT
 Year Ended June 30, 2014

	Total Workforce Investment Act	#14-W-PF-RR-0-01 Quad Graphics 17.278	14-W-PF-RR-0-03 Soy Basics 17.278	Admin- istrative 17.258/.259/.278	Adult 17.258	# 13-W-01FR-0 Youth In School 17.259	Youth Out of School 17.259	Ticket to Work 5,070	Dislocated Worker 127,473
REVENUES:									
Intergovernmental:									
Federal	\$ 693,002	30,000	2,062	71,900	194,168	117,293	145,036	5,070	127,473
State	-	-	-	-	-	-	-	-	-
Total revenues	693,002	30,000	2,062	71,900	194,168	117,293	145,036	5,070	127,473
EXPENDITURES:									
Programs-E.C.I.A.	269,739	-	-	30,963	76,788	32,453	76,875	-	52,660
Total expenditures	269,739	-	-	30,963	76,788	32,453	76,875	-	52,660
TRANSFERS IN (OUT):									
Special Revenue:									
Planning									
Commission	-	-	-	-	-	-	-	-	-
WIA	(423,263)	(30,000)	(2,062)	(40,937)	(117,380)	(84,840)	(68,161)	(5,070)	(74,813)
	(423,263)	(30,000)	(2,062)	(40,937)	(117,380)	(84,840)	(68,161)	(5,070)	(74,813)
NET	-			-	-	-	-	-	-
FUND BALANCE, beginning	-	-	-	-	-	-	-	-	-
FUND BALANCE, ending	\$ -	-	-	-	-	-	-	-	-

SCHEDULE 5

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2014

<u>Federal Grantor / Program</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Program Expenditures July 1,2013 to June 30,2014</u>
DIRECT:			
<u>U.S. Department of Commerce:</u>			
Economic Development Planning Grant	11.302	05-83-03891	\$ 54,900
Aim2Win	11.010	05-46-05024	36,332
Title IX Economic Adjustment Program-Revolving Loan Fund	11.307	Perpetual	-
TOTAL DEPARTMENT OF COMMERCE			<u>91,232</u>
<u>U.S. Department of Transportation</u>			
Indirect passthrough Iowa Department of Transportation			
Federal Transit Administration-Transportation Planning	20.515	14RPA-01	94,996
TOTAL DEPARTMENT OF TRANSPORTATION			<u>94,996</u>
INDIRECT:			
<u>U.S. Department of Labor</u>			
Title I - Administration	17.258/.259/.278	13-W-01-FR-0	71,900
Title I - Adult	17.258	13-W-01-FR-0	194,168
Subtotal - WIA Adult CFDA # 17.258			<u>266,068</u>
WIA Youth in School Formula	17.259	13-W-01-FR-0	117,293
WIA Youth out of school	17.259	13-W-01-FR-0	145,036
Subtotal-Youth CFDA # 17.259			<u>262,329</u>
WIA Dislocated Worker	17.278	1-W-01-FR-0	127,473
Quad Graphics	17.278	14-W-PF-RR-0-01	30,000
Soy Basics	17.278	14-W-PF-RR-0-03	2,062
Subtotal - WIA Dislocated Worker CFDA # 17.260			<u>159,535</u>
Subtotal - WIA Cluster CFDA # 17.258, 17.259, & 17.278			<u>687,932</u>
Ticket to Work		13-W-01-FR-0	5,070
Indirect passthrough Northeast Iowa Community College			
Bridges to Health-TAACCT	17.245		28,434
TOTAL DEPARTMENT OF LABOR			<u>721,436</u>
<u>U.S. Department of Agriculture</u>			
Business and Industrial Loans-Intermediary	10.767	Perpetual	-
Relending Program			-
TOTAL DEPARTMENT OF AGRICULTURE			<u>-</u>
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY:</u>			
TBRA-Admin	14.239	09-HM-602-40	11,541
Tenant Based Rental Assistance	14.239	09-HM-602-40	85,821
Home Investment Partnership (HOME)-Clayton Co	14.239	12-HM-141	93,497
Home Investment Partnership (HOME)-Oelwein	14.239	12-HM-138	192,322
Home Investment Partnership (HOME)-Postville/West Union	14.239	13-HM-169	121,272
Jumpstart Admin	14.228	08-DRH-201	11,272
Jumpstart-MFNP	14.228	08-DRH-201	1,544,058
Jumpstart-SFNP	14.228	08-DRH-201	30,450
TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY			<u>2,090,233</u>
TOTAL ALL FEDERAL PROGRAMS			<u>\$ 2,997,897</u>

SCHEDULE 5
Continued

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2014

NOTE 1-BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Upper Explorerland Regional Planning Commission and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic statements.

SUPPLEMENTARY INFORMATION

RFSW Ridihalgh Fuelling
Snitker Weber & Co.
C E R T I F I E D P U B L I C A C C O U N T A N T S

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Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance
with Government Auditing Standards

To the Board of Commissioners
Upper Explorerland Regional Planning Commission
Postville, Iowa

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Commission's as of and for the year ended June 30, 2014, which collectively comprise the Commission's basic financial statements listed in the table of contents, and have issued our report thereon dated January 8, 2015. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standard applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the Commission's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in Part II of the Findings and Questioned Costs, item II-A-14 to be a material weakness.

A significant deficiency is a deficiency, or combination in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the Schedule of Findings and Questioned Costs, item II-B-14, to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

There are no comments involving statutory and other legal matters about the Commission's operations for the year ended June 30, 2014. Since our audit was based on tests and samples not all transactions that might have had an impact on comments were not necessarily audited.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the Commission and other parties to whom the Commission may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Commission during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


RIDIHALGH, FUELLING, SNITKER, WEBER & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

January 8, 2015

Independent Auditor's Report on Compliance
For each Major Program and on Internal Control over Compliance
Required by OMB Circular A-133



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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
 EACH MAJOR PROGRAM AND TO INTERNAL CONTROL OVER
 COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Commissioners
 Upper Explorerland Regional Planning Commission
 Postville, Iowa

Compliance

We have audited the compliance of Upper Explorerland Regional Planning Commission with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2014. Upper Explorerland Regional Planning Commission's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Upper Explorerland Regional Planning Commission's management. Our responsibility is to express an opinion on Upper Explorerland Regional Planning Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Upper Explorerland Regional Planning Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Upper Explorerland Regional Planning Commission's compliance with those requirements.

In our opinion, Upper Explorerland Regional Planning Commission complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2014.

Internal Control Over Compliance

The management of Upper Explorerland Regional Planning Commission is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Upper Explorerland Regional Planning Commission's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

A control deficiency in the Commission's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the Commission's internal control that might be significant deficiencies or material weaknesses as defined below. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as described above.

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.

RIDIHALGH, FUELLING, SNITKER, WEBER & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

January 8, 2015

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2014

Part I-Summary of the Independent Auditor's Results

- (a) An unqualified opinion was issued on the financial statements.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance, which is material to the financial statements.
- (d) Our audit procedures disclosed no reportable conditions in the major program.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any audit findings, which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section 510(a).
- (g) Workforce Investment Act Grants with the CFDA Numbers 17.258, 17.259, 17.278, 14.239 and 14.228 were audited as major programs.
- (h) The dollar threshold used to distinguish between Type A and Type B programs were \$300,000.
- (i) Upper Explorerland Regional Planning Commission qualified as a low-risk auditee.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2014

Part II-Findings Related to the Financial Statements

II-A-14 MATERIAL WEAKNESS:

Segregation of Duties-One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Posting of cash receipts, receipt of unopened bank statement and reconciliation of bank statement are all done by one individual.

Recommendation-We realize segregation of duties is difficult with a limited number of office employees. However, the Commission should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

Response and Corrective Action Planned-We have reviewed procedures and plan to make changes to improve internal control to the best of our ability. We are looking at using part time personnel to perform some of the above functions.

Conclusion-Response accepted.

II-B-14 SIGNIFICANT DEFICIENCY:

Preparation of Financial Statements - Management is responsible for establishing and maintaining internal controls over financial reporting and procedures related to accepted accounting principles (GAAP). The Commission does not have an internal control system designed to provide for the preparation of the financial statements, including accompanying footnotes, as required by generally accepted accounting principles. The guidance in Statement of Auditing Standards No. 115, **Communicating Internal Control Related Matters Identified in an Audit**, requires us to communicate this matter to those charged with governance.

As auditors, we were requested to draft the financial statements and accompanying notes to the financial

statements. The outsourcing of these services is not unusual in an entity of this size.

Recommendation—We realize that obtaining the expertise necessary to prepare the financial statements, including necessary disclosures, in accordance with generally accepted accounting principles can be considered costly and ineffective. However, it is the responsibility of the Commission's management and those charged with the governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Response — UERPC feels that obtaining the expertise necessary to prepare the financial statements, including necessary disclosures, in accordance with generally accepted accounting principles can be considered costly and ineffective. However, it is the responsibility of the Commission's management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Conclusion — Response accepted.

Part III: Findings and Questioned Costs: Major Federal Award Programs Audit

No matters were noted.

Part IV: Summary Schedule of Prior Audit Findings

There were no findings or questioned costs for the prior year ended June 30, 2013.